



# गार्डन रीच शिपबिल्डर्स एण्ड इंजीनियर्स लिमिटेड **Garden Reach Shipbuilders & Engineers Ltd.**

(भारत सरकार का उपक्रम, रक्षा मंत्रालय)  
(A Government of India Undertaking, Ministry of Defence )  
CIN NO. : L35111WB1934GOI007891

SECY/GRSE/BD-69/AM/03/24-25

20 Feb 2025

To,

**National Stock Exchange of India Limited**

Exchange Plaza,  
Bandra Kurla Complex, Bandra (E),  
Mumbai – 400 051  
Symbol: GRSE

**BSE Limited**

Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001  
Scrip Code: 542011

Dear Sir / Madam,

**Sub: Transcript of Analysts' and Brokers' Meet for Q3 & 9M FY25 of GRSE – Reg 30**

1. Further to our Intimation Letter No. SECY/GRSE/BD-69/AM/03/24-25 dated 06 Feb 2025, we wish to inform that Analysts' and Brokers' Meet has been held on **Thursday, 13<sup>th</sup> February, 2025** at 04.30 p.m. at BSE Convention Hall, Dalal Street – Mumbai, to discuss the Financial Performance of the Company for the Quarter and Nine months ended 31<sup>st</sup> December, 2024 and way forward.
2. In this regard and pursuant to Regulation 30 read with Para A of Part A of Schedule III of the SEBI (LODR) Regulations, 2015, the Transcript of the Analysts' and Brokers' Meet is enclosed herewith.
3. This is for your information and records.

Thanking You,

Yours faithfully,  
For **Garden Reach Shipbuilders & Engineers Limited**

Sandeep Mahapatra  
Company Secretary and Compliance Officer  
ICSI Membership No. ACS 10992



**Garden Reach Shipbuilders & Engineers Limited**  
**Q3 & 9MFY25 Analyst Meet**  
**13<sup>th</sup> February, 2025**

**Management:**

1. **Cmde P.R. Hari, IN (Retd)** - Chairman & Managing Director
2. **Shri R.K. Dash** - Director (Finance) & CFO
3. **Shri. Sandeep Mahapatra** - Company Secretary & Compliance Officer



**Garden Reach Shipbuilders & Engineers Limited**  
**Q3 & 9MFY25 Analyst Meet**  
**13<sup>th</sup> February, 2025**

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**Gaurav Girdhar:** Good Afternoon, everyone. I'm Gaurav Girdhar from Concept Investor Relations. I welcome you all to the Analyst Meet of Garden Reach Shipbuilders & Engineers Limited to discuss its Q3 and 9 M FY25 results.

We have with us today Commodore P.R. Hari, IN (Retd.), Chairman & Managing Director, Mr. R.K. Dash, Director (Finance) and CFO, and Mr. Sandeep Mahapatra, Company Secretary and Compliance Officer. Please note, this conference is being recorded. I would now like to invite Cmde P.R. Hari, Chairman & Managing Director to give his opening remarks. Sir, over to you.

**Cmde PR Hari:** Thank you, and good evening to each one of you. I actually look forward to this particular meeting. So, this is the only time when we see each other, though we interact over the con calls every quarter. But to be frank, I enjoy this particular session.

Coming to the formalities. I welcome each one of you to this conference to discuss our financial performance for the quarter ending and nine months ending 31<sup>st</sup> December, 24, and also to provide you a way forward.

I'm sure most of you have been tracking the performance of the company, and you're clear about where we are. And I'll give you an overview as to what we are doing and give a glimpse of what lies in store for us.

Like I normally do, I shall touch upon the financial performance, then cover the current order book, provide you the status of the ongoing projects, and then give you a glimpse of what are the projects on the anvil, and also highlight what we are looking for in the future.

Coming to the financial performance. I think this is the tenth quarter on a trot that both top line and the bottom line have gone up. Our revenue from operations registered a 38% growth over the last corresponding quarter from ₹923 crore to ₹1,271 crore.

The PAT has gone up by 11% from ₹88 crore to ₹98 crore, and the operating profit has gone up from ₹37 crore to ₹62 crore. That means operating profit margin has gone up from 4.03% to 4.85%. Earnings per share, again, showing a rise from ₹7.70 to ₹8.57.

Now coming to what has translated to this financial performance is, of course, our physical performance. Before covering that, I'll give you a glimpse of the order book. Our current order book, as on 31<sup>st</sup> December stands at ₹23,877 crore. And this is comprised of 40 platforms from 10 projects. These projects are, as you're aware, 17 warships for Navy coming from 4 projects, 3 P-17 Alpha, 2 Survey Vessels Large, 2 we already delivered, 2 more are remaining, so 2 Survey Vessels Large, 8 Anti-Submarine Shallow Water Crafts, and 4 New Generation Offshore Patrol Vessels.

In addition to this, we are also executing a project each for the Ministry of Earth Sciences, which is an Oceanographic Research Vessel, and also an Acoustic Research Vessel for the DRDO.

We also signed a contract for 6 Multi-Purpose Vessel with a German client. And we also have 2 more export orders for our friendly foreign nations.

Happy to inform you that we have won an order for 13 hybrid ferries from the Government of West Bengal. It's a World Bank-funded project.

This, in a nutshell, gives you what are the orders that we currently have in our kitty. What we are looking forward in the immediate future, the assured orders. Our agreement with our German client was for 8-ship Multi-Purpose Vessel Project. We had deliberately staggered the contract signing. Contract for 6 ships have been already signed, and we will be signing the contract for the balance 2 ships by 31<sup>st</sup> of March.

In addition, we have been declared L1 for another set of Research Vessels for the Geological Survey of India, 2 Coastal Research Vessels. The contract negotiations are currently in progress. We expect the contract to be signed by 31<sup>st</sup> March. That is our expectation.

I have been talking about this Next-Generation Corvette project for a long time. I think ever since I started attending these interactions, I've been talking about this project. Yes, the RFP has been issued, bids have been submitted. Four shipyards have taken part in the bid. The technical evaluation has been completed, and we expect the price bid to be opened in a couple of months. And let us together hope we become the L1 shipyard, because it's a high-value order, and that is something which we are eagerly looking forward to.

This is what is immediately on the anvil. And as far as the near future is concerned, Navy also has taken an Approval of Necessity (AoN) from the Defence Acquisition Council for 7 P-17 Bravo ships. This is a follow-on of the P-17 Alpha that we and MDL are currently executing. This is a 7-ship project, 3 shipyards in the fray. Two of them will get it. So, the probability is very high. And also, Navy has taken an AoN for 31 Waterjet FACs. They are called Follow-on Waterjet FACs. These are small 50-meter-odd vessels, 31 of them. The volume is huge. And Navy has also got an AoN for 120 Fast Interceptor Crafts. In addition to that, Coast Guard has already obtained AoN. That's a DAC AoN for 6 NOPVs and 18 New-Generation Fast Patrol Vessels.

These are broadly what is likely to come out from both the Navy and the Coast Guard in the next one year. Some of the RFPs could come out as early as a month down the line. Two projects that I missed, Navy has also taken AoN for 2 Multi-Purpose Vessels and 5 Next-Generation Survey Vessels. This is what I expect to come out from now till the next one year. These are the RFPs that are expected in the next one year.

Now, I'll give you a glimpse of the status of the ongoing projects. As I had mentioned, we are executing 10 projects. I'll start with the naval projects, the P-17 Alpha project. Again, happy to inform you that our first ship has already undergone the basin trials. Basin trials is the harbour trials, have been successfully completed. We intend putting the ship to sea for the sea trials by end of this month. So, the project is going on track.

And there was a question which was asked, I think, last time or last, last time, is the project going on track? Will you be able to deliver the ship on time? Yes, we'll be able to deliver the ship ahead of the contracted time, which is the first ship is to be delivered by August this year; the second ship by February next year; and the third ship by August 2026. So, we will be able to complete this project on scale. This is a high-value project.

And just to give you an updated status, we have almost touched 90% progress on the first ship, almost 65% on the second ship, and about 50% on the third ship. So that is the kind of progress that we have achieved.

Coming to the survey vessel large project. This is a 4-ship project for the Indian Navy. Two ships have been already delivered, and they have been commissioned into the Navy. Two more ships,

we intend delivery during this calendar year, which means the third ship, we expect to be delivered by June, and the fourth ship by July/August 2025. So that is the way the progress is currently there. The second ship has almost touched around 85% physical progress, and the third ship is around 72%.

Coming to the ASW Shallow Water Craft project actually, this is a 16-ship project, 8 being undertaken by GRSE and 8 by Cochin Shipyard. Happy to inform you that the contract was signed by both the shipyards on the same day.

My first ship has already undergone full power trials, and it is ready for delivery. We are confident of delivering this vessel by 15<sup>th</sup> of March this year. The second and third ships are following very closely, and we intend completing this project also on schedule. Our contract delivery time line is by October, 2026. So, construction of all the 8 ships are on track. We'll be able to deliver by October, 2026.

The fourth project that we are doing for the Indian Navy is New-Generation Offshore Patrol Vessels. This is a 4-ship project on track. The first 2 ships, we almost touched 40% physical progress. We intend launching of these ships during this calendar year. Naturally, the project was signed only in 2023, March 30<sup>th</sup>. So, the project delivery time lines stretch up to 2028-2029, the last of the ships, on track as of now.

Now coming to the other projects that we are doing. The multipurpose vessels, we intend starting the commercial platform for the German client. We intend starting the production. Design activities are currently in progress. We intend commencing production by July this year. Project is on track. Being commercial vessels, we just cannot afford to slip on the dates. So that project is on track.

The Oceanographic Research Vessel, the production has already commenced. And we intend doing the first milestone activity, that is the keel laying of the vessel by July this year, and is on track. The acoustic research vessel, preparatory activities are in progress. The contract has been concluded, currently well on schedule. And so is the project that we are executing for the Government of West Bengal, 13 hybrid ferries.

Last time when we met, I had mentioned 4 or 5 things, if my memory is right. One is that next time, that is today, when we meet, I should be able to give you the happy news that we were expecting at that point of time regarding the commercial vessels. I met my commitment. GRSE is currently in a state where multiple foreign client customers are approaching us.

We are taking a balanced call as to which are the projects we should take on, what we should hold in event. So, we are good with the commercial shipbuilding. Revenue, we had given a growth perspective. We are maintaining that, rather exceeding what I had committed last time. Third was on the ship repair, which is a very small vertical that we had started. We started in a very modest fashion. So today, I can proudly say that the ship repair vertical has gained its feet. And the facility that we have set up for the ship repair is fully loaded. We are executing orders, including export orders on ship repairs from friendly foreign nations as well as from Indian Navy and Indian Coast Guard. So that ship repair vertical has stabilized. Right now, again, in our overall scheme of things, the revenue generated from ship repair is very, very modest, but we expect substantial growth in the next 3 to 5 years.

And again, happy to inform you that, which you've already aware that the company has been re-categorized into a **Schedule A Company**. During the last financial year on 17<sup>th</sup> September, if my memory is right, we were upgraded into a **Schedule A Company**, which is a recognition that we have been relentlessly pursuing for the last 5 to 7 years. It's your credit.

And of course, the NGC tender. Last time when we discussed, it was still in liquid form. Deliberations were still in progress with the Navy. The tender is out, as I mentioned. We expect the bid to be opened in a couple of months. My conservative estimate is by April, the bid would be opened.

And again, happy to inform you that we have a Memorandum of Understanding with the Ministry of Defence, with the Government. We are a Government-owned company. Mostly 74.50% of the shares are with the Government. So, we have to sign a Memorandum of Understanding. And based on the performance parameters, the company is assessed. And on a trot for 2 years, including '23, '24, we have been rated **Excellent**. That's the highest rating. And out of a score of **100**, we have attained **96.5**. There, even you have a major contribution, because the market response is one of the evaluation criteria. So, thank you.

So, I think, I've covered most of the aspects that I got to say. So, I thought I'll just restrict my introductory address to the minimum.

So, I'm open for any questions as you deem fit. Please.

Thank you, sir. Can someone hand over a mic, please? Normally, there's a strategy like in a con call, which is 1 hour, I always look at the clock. Now I'm seeing, I clock 20 minutes, 25 minutes. Then the number of questions become less. You have only 35 minutes for today.

**Ramesh Damani:**

Yes. Again, thank you, sir, for your stewardship and excellent set of numbers. We are very happy shareholders here. Sir, I wanted to ask you a couple of questions. So a), first in the budget, there was a lot of talk about moving along maritime shipping at ₹25,000 crore fund. Could you give us some colour on how that would help us? And b), you mentioned a lot of orders that possibly could be opened this year. Can you quantify the expected value, whether we get it or not, the expected value of that order for us? Thank you, sir, so much.

**Cmdr PR Hari:**

Sure. Thank you. I'll start with the orders which are on the anvil. The Next-Generation Corvette, the AoN was taken for ₹36,000 crore, which means the L1 shipyard, purely by the calculation, should get around ₹22,000 crore. But my assessment is that it could be well beyond that, which means it could be between ₹25,000 crore to ₹30,000 crore for the L1 shipyard. L2 shipyard will get in the ratio of around 5:3, around ₹15,000 crore - ₹16,000 crore. This is for the Next-Generation Corvette project.

Now I'd also mentioned that the P-17 Bravo, AoN has been accorded. The total value for which the AoN has taken is around ₹70,000 crore, which means each ship would be around ₹10,000 crore. So, the L1 shipyard would get 4 ships; and the L2 shipyard would get 3 ships.

Here, I'd like to add on that I had mentioned that 3 shipyards and 2 will get it. So, the probability factor is high. And our confidence is that having built the P-17, and since we do not expect any major design changes over 17 Alpha to 17 Bravo, so we will be bidding with that kind of confidence and reasonable aggression.

Coming to the other projects, the 18 follow-ons, rather NG. Nowadays, every project, you will see that NG, so i.e., a fad, Next generation, New generation, so be it so. So, it's an 18-ship project, NG-FPV project. The order value, as of now, it is likely to go to a single shipyard. So, the conditions of the financial qualification, eligibility criteria are going to be stringent. Some shipyard who has got the capability. Naturally, we will be there and maybe around 4 more shipyards would be there.

So here, the order value is likely to the tune of around ₹3,000 crore. Then there is a 5-ship survey vessel, NG SVL i.e. Survey Vessel Large project, NGSVL, next-generation survey vessel project for the Indian Navy. This is a 5-ship project. We expect the order value to be around ₹3,500 crore. Again, this will go to a single shipyard.

A 31 waterjet FAC project, this is a relatively low-value project. We do not expect the cost of a waterjet FAC ship or even with the NG factor to go beyond ₹100 crore to ₹120 crore. This again could be to the tune of around ₹3,500 crore. Then comes the 120 Fast Interceptor Craft around ₹2,500 crore.

Okay. Then 2 Multi-Purpose Vessels for the Navy. The project is 2 ships are currently being constructed by Larsen & Toubro shipyard at Kattupalli. Navy will be coming out with an RFP for 2 more ships. This could be to the tune of ₹1,200 crore to ₹1,400 crore. This, in a nutshell, gives the overall projects that are on the anvil. If I miss something, maybe if a subsequent question comes, I can answer. Yes, please.

**Ramesh Damani:** Obviously, the first 2 are the most lucrative, the ones you mentioned. Between them, how much? ₹1 lakh crores or something? Can you tell us the status of this? Do you think it would be L1, L2? What do you think? What is your working hypothesis of those projects?

**Cmde PR Hari:** See, in the NGC project, we are confident. Why we are confident is purely because, I had mentioned this earlier, that as far as Corvettes are concerned, we have mastered the construction of Corvettes. Nine Corvettes, both missile surface as well as ASW, are currently running in the Navy, and all Nine are built by GRSE. That's the kind of expertise. So here, I mentioned that it's around ₹36,000 crores. L1 will get around...

**Ramesh Damani:** ₹24,000 crore !

**Cmde PR Hari:** ₹25,000 crore to ₹30,000 crore. This is the first project that is on the anvil.

**Ramesh Damani:** And this should open when, sir? When do you expect it to open?

**Cmde PR Hari:** Conservative estimate is 3 months. Optimistic, 2 months. That means as early as March end to April.

**Ramesh Damani:** That's very close, sir.

**Cmde PR Hari:** That's something very close.

**Ramesh Damani:** Okay. And the other one? The Bravo?

**Cmde PR Hari:** P-17 Bravo, we expect the RFP to come out only by this year-end, because the AoN was recorded just about a couple of months back. So, we expect the RFP to come out, again, put a moderate timing, by end of the current calendar year. So, if it comes by end of the calendar year, the L1 determination, you put an inefficient time of 6 months from bid opening to my past experience, which means by mid of calendar year '26, the L1, L2 shipyards will be known. Here, the L1 shipyard, as per the AoN taken, will get order around ₹40,000 crore and the L2 shipyard will get order of ₹30,000 crore.

**Ramesh Damani:** And you are confident of that?

**Cmde PR Hari:** Yes. Yes. Definitely, we are confident. See, it is 3 shipyards only, 2 will get it. So we should get it.

**Ramesh Damani:** Yes. And just to follow up, sir, on the first order that you mentioned, ₹36,000 crore order, which you get ₹24,000 crore. That also you said is your strength, right, the basic Corvette?

**Cmdr PR Hari:** I'll tell you why. 1, I mentioned the experience. Okay. Experience, maybe somebody is to undergo. Still, there are only 4 shipyards who are eligible for this. Only 4 have been permitted to bid for this, of that 2 will get it.

**Ramesh Damani:** Right. And also, if that happens, then your order book doubles basically.

**Cmdr PR Hari:** Right now, my order book naturally, it is depleting because we are executing. Last year, I think when we started the financial year, it was around ₹22,600 crore. Now it has just gone to ₹23,877 crore, despite getting multiple orders during the current year. So, we are depleting an order book, but no fire. We will get a couple of orders in the coming year.

**Ramesh Damani:** Yes. Great. Thank you, sir. Possible to speak on the budget, what your impression is, sir?

**Cmdr PR Hari:** Yes. It's a very interesting budget with respect to shipbuilding, because the Maritime Development Fund, they have allotted ₹25,000 crore. They kept a corpus of ₹25,000 crore. What the government is planning is to provide assistance in terms of either equity or debt with 49% investment from the government. And the industry should invest the balance 51%. This could be for pure shipbuilding projects or creation of shipbuilding infrastructure. This is an interesting aspect that came out of the budget.

And also, government has commenced the action. Most of the coastal states have come out with RFIs, EOIs for creation of shipbuilding clusters. For example, Gujarat, Karnataka, Maharashtra. Maharashtra, I'm not so sure. Gujarat, Karnataka, Andhra, Orissa and Tamil Nadu. So, shipbuilding clusters are planned to be created in these States. The benefit for us or all of us would be the assistance from the maritime development front that the government has earmarked.

Third is the Shipbuilding Financial Assistance, version 2. The Shipbuilding Financial Assistance Policy was always in existence. Of course, it is not applicable for warships. But since we have ventured into commercial shipbuilding and in a strong way, this will definitely benefit us, because the subsidy that is being allotted by the government. Basically, their intent is very clear that they want to boost the shipbuilding industry in India. So that will definitely give a fillip to the commercial shipbuilding. These are the major aspects that I can pick from the budget.

One more thing is a very interesting, I think, I had mentioned in last time con call, was that the government has come out with something on recycling, that is ship breaking. If you break a ship in India, then you'll get 40% of scrap value as credit. You can avail the credit as an assistant, direct assistance from the government, if you build a ship in India. It is a very enticing offer. So, I think on the whole, with respect to commercial shipbuilding, the budget has been very, very encouraging. More is there, but I think that is.

**Ramesh Damani:** That's fine. But that helps more commercial. Doesn't really help us.

**Cmdr PR Hari:** No, no, it helps us. Why it is helping us is see, when we met last time, I would not say hesitant, we were just contemplating, should we go in for commercial shipbuilding or not. We have taken decision; we have gone ahead. So, since we have gone ahead, we would like to go in a big way. So, if you are going in a big way, all these initiatives will help.



**Ramesh Damani:** So just a quick follow-up on the two new contracts that we're talking about. Are they on a cost-plus basis or are they on a competitive basis? How would that mechanic work?

**Cmde PR Hari:** Which?

**Ramesh Damani:** The two new contracts that we're talking about. Yes.

**Cmde PR Hari:** Okay. The NGC and... It's a hybrid. There's a fixed element for the effort. There's a value-addition by the shipyard. And certain equipment, it is on cost-plus basis. We term it as fixed cost and variable cost. So, it is going to be a healthy mix of both.

**Ramesh Damani:** This will be what, 7%, 8%? The margins for that would be?

**Cmde PR Hari:** Margins would be plus 8%.

**Ramesh Damani:** Plus 8%. Great. Thank you so much sir.

**Cmde PR Hari:** Pleasure. Please.

**Divyesh Shah:** Sir, can you speak more about the export potentiality? I think the next 5 years or next 10 years will be for exports. So how we are prepared for the export potentiality? What can be for shipbuilding, as you just now told, what can be our share roughly, where we can stand in the next 5 years?

**Cmde PR Hari:** Thank you, sir. Right now, as on date, just about 4% of GRSE's order book is coming from exports. Our total order book is ₹23,877 crore, and just about ₹970 odd crore is coming from exports. But as I mentioned, we are pulsing the system. But with the kind of queries that are coming, we are taking a calibrated approach. We have gone ahead and invested in revitalizing one of our facilities.

I know that you are looking for figures. So, I'll say on a conservative basis, we'll be looking at a twofold increase within one year, and at least a fourfold increase from the current value in the next four years. So, I'm just giving you a band.

**Vijay Bhayani:** You mean fourfold on the number of exports that was done currently. That should increase.

**Cmde PR Hari:** Yes.

**Vijay Bhayani:** Sir, regarding these budget proposals, so how does exactly it work? Let's say the Government has proposed shipbuilding clusters in some of these states. So how exactly would it work for a company like GRSE? What can you do exactly? Would you be owning the cluster or having 1 of the facilities and somebody else also will be having facilities?

**Cmde PR Hari:** I'll try and answer in this fashion, sir. I'm speaking from GRSE's perspective. I'll build a background and then answer your specific question. Right now, we have got 3 fully usable shipyards in Kolkata, GRSE, plus we have hired some facility. All put together, our shipbuilding capacity last year, when we met last year, it was 20 ships. We have increased it to 24 ships already.

With what we have by end of this year, that means the end of the calendar year 25, we'll be increasing to 28 ships. But that 28 is also grossly inadequate to meet the requirements, and that's why I said some of the offers we are not able to take on.

So, there is the need to expand beyond Kolkata. And naturally, Kolkata has got an inherent limitation of draft. So, whenever we do construction, we match the tide and do the construction float. So, we want to come out of that once, for all. It is with that intent that we'll be looking at facility outside Kolkata. I am not in a position at this moment to say when, but that the ball has already been set rolling. Now the states which have shown interest in creation of shipbuilding clusters are what I mentioned, Gujarat, Maharashtra, Karnataka, Tamil Nadu, Andhra and Orissa, because all of them have got adequate depth, the draft adequate depth is available.

Now when you say shipbuilding cluster, it will definitely have the shipyard as the core of the cluster with the ancillary industry. Ancillary industry could be a manufacturing industry, which supplies items, then the logistic arrangement, there has to be a transportation. So, the cluster contains multiple facilities with the shipyard as a core of it. There could always be a port also co-located. This would, in a nutshell, mean water clusters.

Now within the cluster, what is that the government is going to offer and what is it's going to come from the shipbuilding, what is the Maritime Development Fund. Like for example, 1 of the RFIs, EOIs, which 1 of the states had come out, they are ready to invest and provide a breakwater. Breakwater means it's a structure, maybe a kilo meter long, which will protect the sea from coming inside, which means what is within that breakwater is usable for ship construction.

They are ready to create jetties, building berths where the ships can be located. The shipyards would then need to invest in creation of drydocks and building berths. That will be the investment from our side. Some of them have already offered a 10-year rent-free period or rent at very nominal rate. This, coupled with debts that the government may give, it's a win-win for everybody. That is what we are looking for. So, hopefully I've answered your question to some extent.

**Vijay Bhayani:**

Yes, of course. Sir, I want to ask you about the ship repairs, you have been speaking in your conference calls. So how exactly do you plan to grow that part of the business? Especially now with this better relationship with America and other countries, probably that might open up a very big revenue stream for the Indian ship repairs companies. So how exactly would GRSE plan to position itself on that end? Do you see something in the near term happening? Or maybe it will take a very long time?

**Cmdr PR Hari:**

Okay, sir. So, I'll put it this way. We were not into ship repairs. This is 2025, just about 4 years back, we started the process. We took 3 dry docks on a long-term lease basis from our friends in Kolkata i.e. Kolkata Port Trust, SMPK. We have taken over that. That is a facility which we have created dedicatedly for ship repairs. But when we started getting orders, we found that itself is not adequate for us. See, Navy has got dedicated ship repair units across the coast, Naval Dockyard. But still with the kind of ships that are coming up for refit and repair, they're not able to handle the load. So, a few orders have come from Navy. Coast Guard do not have any dedicated repair organization. So, 100% of the Coast Guard orders will go to one of us, us, Cochin Shipyard, L&T and some of the private players.

Now the demand is very high, but the capacity is limited. Now we have to take over one more dry dock from KoPT. The agreement is not yet signed. One more dry dock, which is unused with the Kolkata Port Trust, will augment our capacity. And the revenue, what we are generating from ship repair, we are actually hesitant to take more orders at this juncture, because of the capacity constraints. In a year or so, we'll be able to double the revenue that we are getting from ship repairs. This is one. But that also will not address the issue, because if we are limiting our ship repair to Kolkata, it just will not meet our requirements.

So, what we have done is we have formed partnership with very, very small shipyards whom we use as our subcontractors, take the order, ship repair is a high margin. And we intend doing these refit that we already executed 1, somewhere near Jamnagar. We had a collaboration with one of the private shipyards. We got the job done. We did the project management. We got a good margin out of that.

So, in addition to creating our own facility within Kolkata, we'll be having a structure wherein we partner capable small shipyards, do the project management, ensure quality and get good margins. Bottom line, the crux of it is that we intend almost doubling our ship repair revenue in one year.

**Vijay Bhayani:**

Sir, the U.S. Naval, that 100, their fleet of 100 ships and all, they wanted to empanel a number of Indian companies to do their repairs. Have they visited GRSE? If not, why not?

**Cmdr PR Hari:**

I'll answer this question because be it MDL, the sea is next to them; be it GSL, sea is next to them; L&T, sea is next to them; HSL, sea is next to them. We are a riverine shipyard. And this is one part. So, we are not comfortable to go in for MLRA or MSRA or something with the U.S. as of now. At this juncture, we are not in a position to go for that.

Second is let us say we hire a facility. We collaborate with one of these counterparts there. So far, this agreement has been signed nearly 3 or 4 years back. How many ships have come? Hardly anything. We can count 1, 2, 3 in the last 4 years. At this moment, we are having a wait-and-watch policy for the U.S. or any other freight.

**Vijay Bhayani:**

Sir, last question from my side. We have been announcing from time to time some alliances for some global companies, for instance, the marine engine production and all that. So, is there any potential in terms of actual revenue terms and how it will unfold going forward, sir? And which of these alliances you see likely to materialize now?

**Cmdr PR Hari:**

Okay, sir. I'll give a perspective that when we sign MoUs, MoUs is like sowing wild oats. It's like we do business development. We attack 100 leads. If even 2 leads fructify, it is success. Similarly, in case of MoUs, we have live MoUs with Rolls-Royce for MTU Rolls-Royce for marine diesel engines. We had 1 with Caterpillar and we had 1 with Kongsberg. I'm only speaking about engine and water jets. Of these 3, 1 has matured. It is the Rolls-Royce MTU MoU.

And when I had mentioned earlier about this 31 waterjet FAC or the 18 Fast Patrol Vessels, it is those type of engines that are going to get into these ships, which means let's hypothetically say this collaboration succeeds, and it is 31 into 63 engines in these ships, and 18 into 2, 36 engines in the Coast Guard Project. So, opportunities are there. We were earlier having an MoU. MoU was initially for assembly, testing and so on. So, we get knockdown kits from there. We have a diesel engine plant in Ranchi. We should to button up the engine, conduct trial. We have a test bed there, and then deliver.

We have just transformed that into co-production, because we found that is not attractive. What is value-addition for us there, it's nothing. But now we have gone for an agreement. It's called a license agreement for co-production, where as per the government policy, at least 50% indigenous content should be there for every project. So many of these foreign OEMs who are supplying 100% automatically get knocked out. So, we are leveraging that government policy to get into this 31 Waterjet FAC as and when it comes.

As a matter of fact, I've just come back from Bangalore. I was in Bangalore for the Aero India. We had a closed-door meeting with Rolls-Royce to further this project. Now you may also have noticed that GRSE has signed, since you asked about MoUs, with several partners.

Like I'll give you one example. We have a collaboration with Elbit Israel and their joint venture partner in India for manufacture of Naval Surface Guns, very attractive project. Our role in that is certain components manufacturing, project management, installation, but the margins are good. So, we decided to go in for that. So that was an MoU, which started off as an MoU, which translated into an order.

We recently signed an MoU with a firm called M/s Apollo Micro Systems, it's a listed company, very, very good company. We had an interaction with them. We understood their business. We got into an MoU with them for moored mines, which Navy requires in large numbers. So, it has been translated into an order at this juncture, but opportunities exist. So, like I said, the MoUs out of 10, if 2 fructify, it is success.

**Ashok Shah:** Sir, we have 3 companies. One is Cochin Shipyard Ltd, and One is Mazagon Dock Shipbuilders Limited, and One is GRSE. So how is cost to get employee and workers, is it Kolkata is cheaper compared to Goa or the Mumbai or the Cochin shipyard?

**Cmdr PR Hari:** See, my ninth year running in Kolkata. I quit from a naval unit in Cochin Shipyard, the IAC project. I was heading the aircraft carrier project in Cochin Shipyard. So, I know the work culture and the employees there. And in Mazagon Dock, I was a part from the Navy side for commissioning a P-17 Shivalik class ship. So, I know all the 3 shipyards well, with GRSE naturally being my home.

So, to answer your question about cost of labor, it is almost same at all the 3 places. It is almost same, because, see, as a policy, none of the 3 shipyards or none of the 5 or 6 big shipyards, we are not taking too many permanent employees. The strategy by all of us is outsourced work. And we do project management, core expertise in design. We retain some of the block fabrication or specialist jobs.

But most of the labor is through contracted workforce. The contracted workforce rates are same, because we all pay central government wages, minimum wages to central government. So, I feel it is at par. Each shipyard has got its own environmental issues that you discount, but otherwise, the cost of labor is more or less same.

**Ashok Shah:** Are we looking at, since we are expanding at Vizag, shipping for some shipyard or something like that to acquire and expand?

**Cmdr PR Hari:** The expansion is not because of the cost of labor. Expansion is purely because, one, we are stretched to our seams in Kolkata, because we have got limited land. That, we have done to our best capability, expanded it, revitalized it. Now if we take more facility in Kolkata, the disadvantage is that it's a riverine shipyard. The limitations with respect to depth will still remain, heavy filtration.

So, we are good with what we have in Kolkata. But if you really want to expand to a global shipyard where we can construct vessels of, let us say, 300 meters length commercial vessels, then you need areas. It is with that, intent, we are likely to go out. Discussions only are at this stage. Maybe next year, when we meet, maybe I'll be able to give you some good news on that.

**Ashok Shah:** And last question from my side. Sir, you just talked about the export market. Could we expect by end of next year around 15% order book to be from export market?

**P.R. Hari:** No. I'll try and answer in this fashion. See, you take a 10,000-ton commercial ship and you take a 300-ton warship. The cost of the warship is more than the commercial ship, because in every

ship, it is the equipment and weapon and sensors that carry the order value. So, 50%, we are not even looking at it, because see, you must also appreciate that we have been set up with an intent for the maritime requirements of the nation. And there is enough what I just mentioned.

I just mentioned 4 or 5 or 6 projects of Navy and Coast Guard that are going to come. There is enough number of orders are going to come in the near future for all. But we are not happy only with that. So that is the reason why we are going for export, one for global recognition. Second, after we put our feet firmly on ground, the margins are going to be good. So, I expect right now, I just mentioned that the order book position, the contribution of commercial export orders is just about 4%. Maybe it could go to 10%, but not the level what we're looking for. We're not looking at that, because of this reason I mentioned.

Yes, please.

**Ramesh Bhojwani:**

Sir, Ramesh Bhojwani from Mehta & Vakil. Sir, before you came, there was an audio-video presentation. That film was excellent. It took us back to 1884 to today. The progress of your company and the progress of maritime and shipbuilding, in particular, Navy and the Coast Guard. So that was wonderful. We came a little early, so I had a chance of seeing it 2, 3 times. Now the thought which came to me, I was in another conference where there was, I think the Commissioner from the Government of Vietnam or the High Commissioner Head of Vietnam. He mentioned Vietnam has a coastline of 3,000 kilometres. India has a coastline of 7,500 kilometres. And we need to have extremely accurate Coast Guards as well as naval ships, which are monitoring, and which are seeing that there is no room or no weak portion foreign access to anybody. So, the thought which was coming to my mind was, sir, have we developed adequately strong facility for our ships above the sea and in the submarine? You have the liberty of not answering it to full, but just the idea.

**Cmde PR Hari:**

I'll try and answer in this fashion. The role of coast protection is that of the Coast Guard. That's why they're called the Coast Guard. And the role of Navy is beyond a certain, it means it is outwards. With that background, Coast Guard, the government has really realized the need for augmenting the capacity and capability of Coast Guard.

Just to put things into perspective, I was making notes, so somewhere I had written down, that Coast Guard budget for capital acquisition, they have increased, I think, by 26% or something in this year. That's why they're coming up with several RFPs.

As far as technology is concerned, there are multiple agencies handling the security of the coast. One is, of course, Indian Coast Guard. Then there is something called Merit, each state is also involved. So, to answer your question, yes, there is room for improvement. But I think Indian coast line is adequately protected.

And just also to put the facts on the right perspective, it was 7,516 kilo meters. But after a recent survey, you can check it up, you can Google it, it is around 11,000 kilo meters. So that is the kind of coast line with all that we have.

**Ramesh Bhojwani:**

Our job has virtually doubled. Virtually doubled. Sir, that was the 1 thought which I thought I will share with you. The second thought was your opening expression of the performance of Q3 and 9 months, what I heard correctly, the top line, I believe third quarter was ₹1,271 crore.

**Cmde PR Hari:**

Yes.

**Ramesh Bhojwani:**

And the PAT was ₹98 crores, which was 4%.

- Cmde PR Hari:** Yes.
- Ramesh Bhojwani:** But I didn't get the EBITDA figure because you rattled it very fast.
- Cmde PR Hari:** I deliberately rattled very, very fast. Because, I'll just skip over that and go now. Okay. See, our revenue from operations was ₹1,271 crore.
- Ramesh Bhojwani:** Third quarter? Yes.
- Cmde PR Hari:** Third quarter. And the PAT was ₹98 crore, and the EBITDA was ₹147 crore.
- Ramesh Bhojwani:** And for the 9 months, if we can multiply this with 3?
- Cmde PR Hari:** No. I'll give the figures of 9 months. In 9 months, revenue from operations was ₹3,434 crore, and the EBITDA was ₹421 crore, and the PAT was ₹283 crore.
- Ramesh Bhojwani:** Yes. So virtually, it comes into 3. And going by this, we will end this year almost close to ₹5,000 crore, little less? Please don't comment. One point which you mentioned further was, okay, we are registering a 38% CAGR. Will this 38% CAGR be maintained going forward, not only in the next year as I see, in the next 5 years?
- Cmde PR Hari:** Okay. I think I'll answer this question clearly. See, our current order book, of course, is ₹23,000-odd crore, which hopefully will come down to around ₹22,000 crore something by end of this financial year unless we get some fresh orders. And this is going to last, including the new projects that we have signed, up to 2029.
- The big projects, that is a P-17 Alpha, touch wood, we should be able to finish by mid of next year. So, the maximum revenue accrual will happen from this project. I had mentioned, see, this 38% CAGR, 38%, perhaps is not there. But we'll be able to maintain a CAGR between 20% to 25% over a 5-year period. I think that gives you a clear answer.
- Ramesh Bhojwani:** Perfect. This is absolutely accurate. The one last point is, sir, where you see a definite possibility of ramping up the EBITDA and the PAT margin.
- Cmde PR Hari:** See, it depends upon the projects that we are getting, project execution cycle. If the P-17 Alpha project, our margins are good. Suppose some of the projects which we have taken at very, very low margins, because we need to get orders. Unless we have orders, we will not be able to perform. So, it's a mix. It's a mix. I think I'll pre-empt a question and answer.
- Our operating profit has really gone up, but our PAT margin, EBITDA margin has come down when you compare to the last result. There's a drop in that. But it's like a sine wave. I have been consistent in my views on this, that we'll be able to maintain PAT margin above 8%. This time, we have dropped in this particular quarter. It is 7-point something. But on the whole, by the end of the financial year, we'll be able to correct that.
- Ramesh Bhojwani:** Wonderful.
- Cmde PR Hari:** But again, I'll clarify because I know otherwise, I can address more questions in one shot instead of piecemeal questions coming. If we get the Corvette Project, if we get the P-17 Bravo project, naturally, the margins are going to be higher than that.

**Ramesh Bhojwani:** Sir, what I see from your body language, of course, till you get the order, you cannot say it is in hand. But I'm very sure that these orders are with you. And going forward, because the priorities of...

**Cmde PR Hari:** I just stated the probability factor, simple mathematics, 4, 2, 3, 2. And plus confidence. So, it's all put together, you can expect.

**Ramesh Bhojwani:** Thank you, and all the best.

**Sagar:** Good evening, sir. Sagar here from Fintuit Investments. So just 1 thing. So, let's say we have 3 major shipbuilding companies, okay? The promoter is the same. So now are we getting or taking market share from them? Is there any competition among us? Or it's like sister companies, like we are just working in parallel with each other, and there's no pip in market share for any of the players? That's one.

So how are we differentiating ourselves from the rest? And what are better things can we do going forward? And what are the challenges that could come, let's say, 22%, 25% CAGR, what you have guided? So, are there any challenges or we are quite comfortable that could be maintained?

**Cmde PR Hari:** A very interesting question. There was a time when the market share was allotted. That is the era of nomination. There was a time much before we got listed, when we were all in a comfort zone, which means the orders were assured, cost plus orders. That situation has completely changed. Luckily, it changed before we came to the market. By the time the orders became either hybrid, that is what I mentioned about fixed cost or variable or pure fixed cost contracts. Second thing is the government, except for very specialized projects like the submarine order, which has gone to Mazagon Docks very recently, very specialized project or IAC, which went to Cochin Shipyard about 14 years back, all other orders are coming through competition. So, the market share depends upon the efficiency of the organization, and the build strategy and the bid strategy that they adopt.

Now, what in any shipbuilding industry you need, one is you should have the dock and berth infrastructure. That is a primary requirement for shipbuilding. The dock that is a dry dock where you construct the ship, and the building berth and the jetties where we park the ships for outfitting. Second is the infrastructure, that's the craneage and all that, in today's environment, all the major shipyards of the country, they have reasonably adequate. Of course, the demand is currently more than the capacity, but that will even out.

The third is the resources, the skilled manpower. As a strategy, all the shipyards are adopting to outsourcing for noncore jobs. But the skilled manpower available in the country, the whole of specialist shipbuilders, is limited. Whoever offers the highest pay will come and work there. So, since you asked what are the challenges, one is availability of skilled resources. We are putting in measures to correct that also, maybe training through our own funds, picking up from some particular area, which is known for a particular skill.

And the last point is there's a huge reliance on the supply chain system, because ours is an industry where shipyards are primarily platform integrators. We build a hull form. Then we put this there, the equipment systems, button up and get a platform ready for us. So, we have a huge reliance on the supply chain system.

And this supply chain system comprised of major players like Bharat Electronics, Hindustan Aeronautics Limited or global players to very, very small MSMEs. So, there are situations. We say COVID is over. COVID is not over. There are still firms who are reeling from the cascading

effect. So, there are challenges, but I think we are more or less tided over or tiding over these issues. Challenges very much exist.

**Sagar:** Got it. Just to add on that. So, let's say you said that equipment's and all those things, all the 3 shipbuilders have. So, let's say in the top 3, our capacity today is 24 ships. Can you, let me know like what is the capacity of the rest of the 2?

And the second one would be, you said we might look at an acquisition going ahead, okay, in the next 1 year, acquisition, merger or something. So, any probable ticket size that you would look for?

**Cmde PR Hari:** Sorry, can you just split the questions and ask...

**Sagar:** So, the first one was, let's say, all the top 3 shipbuilders, we have a capacity of 24 ships a year. Okay. So, what would it be for the other 2?

**Cmde PR Hari:** Okay. 24 was just to place on record, 24 was enhanced from 20 till 2000. If you are looking at the other 2 shipyards, in case of Mazagon Docks, they have capacity to build large ships. Their dry docks and building infrastructure is larger than ours. The numbers may be less. Numbers are less. But the bandwidth for larger platforms is more. Same goes for Cochin Shipyard also. Actually, Cochin has got the biggest dry dock other than Pipavav, the biggest operational dry dock in India.

So that will give them the flexibility of building large ships like the aircraft carrier. We don't have that capacity. But what we have, our biggest strength is multiple dry docks of various sizes, which can cater today up to destroyers. Destroyers means the ships above frigates and Corvettes. So, this number exactly, I will not be able to tell because it's not an apple-to-apple comparison. But different types capacity, in terms of numbers, we definitely have the largest. But in terms of size, we don't.

**Sagar:** Got it. And the last one, the acquisition that we will be looking for going ahead, which may or may not happen. But any particular ticket size in your mind like this much is something that we can go for?

**Cmde PR Hari:** Sorry?

**Sagar:** The acquisition or some merger, etc, that you said like we may go for, any particular ticket size or quantum?

**Cmde PR Hari:** See, at this moment, if at all we go, we'll be going for a greenfield facility, which will be developed maybe in the span of 3 to 5 years. What we have done, we have actually offset this problem. I'll give you an example. When we took on this Anti-Submarine Shallow Water Craft project, it was an 8-ship project. We were full, with respect to our dock and berth infrastructure. At that point of time, L&T Shipyard, Kattupalli did not have any order. They had huge spare capacity. So, we collaborated with them. We did part construction of these ships there, leveraging our core expertise of design, project management and procurement and their facilities.

So that is the model which we have adopted, not only with the L&T shipyard. One of the small shipyards in Kolkata, we have construct one export platform. We did part construction there. So that is the methodology which we are currently adopting till the time we develop a facility, a greenfield facility outside Kolkata, which will take time because greenfield shipbuilding facility just does not come by switching on us. It will take a bit of time.



- Sagar:** Thank you.
- Sunil Shah:** Thanks, sir. Sir, when we talk about the Next-Generation Corvette, the 8 in number project, you stated there are 4 bidders for the same. Can you get the names of those bidders? We are there, Is it open information?
- Cmde PR Hari:** It's information. It is Goa Shipyard, Larsen & Toubro shipyard, Mazagon Dock and GRSE.
- Sunil Shah:** Okay. So, these are 4 shipyards, right? Sir, another question, and this is more to understand the shipbuilding capacity. What I want to know is that essentially, if there is a shipyard, we are making the hull of the ship. Once the hull is made, can we launch the ship in the sea and then those gadgets can be uploaded there. And the shipyard is again available to make another hull of another ship, so that when we say we are increasing the capacity, it means that you make the hull, roll it over on the sea, the work is happening on that ship as well simultaneously? And so, is that the right way to understand this? Could you make me understand?
- Cmde PR Hari:** Okay. I'll try and give the background. See, in today's shipbuilding methodology, we do not just make hulls. As the hull is being built, actually, the shipbuilding starts with cutting off a plate. Then we assemble the plates in some shore location, which means on the docks. Then these are lifted by cranes, put into the dry dock, which means suppose if a ship has got 20 blocks, 20 blocks are constructed in multiple locations. Then they are jumboised within the dry dock.
- Now as we do it, we do pre-outfitting, which means there are certain mandatory equipment like the main propulsion engines or the power generation equipment or the AC plants have to go in at the time of launching, because there are various technical requirements to be met, when the ship is in dry dock. And after the ship is moved up, then we, of course, move out. We move the ship, do the balance buttoning up, the system integration when the ship is afloat at the jetty.
- While the next ship comes in, you're right, exactly. That is how, when I'm telling we are currently constructing 40 platforms, naturally, and on the same breadth, I have stated that our shipbuilding capacity is 24. It's purely by this method. While 24 ships are at various stages of construction, building berth or dry dock, few of them are at the jetties doing outfitting, being readied for trials and delivery. You're right. That's the methodology that we use.
- Vijay Bhayani:** Sir, 1 clarification regarding this NG Corvette ₹36,000 crore order. You said L1 instead of ₹22,000 crore or ₹24,000 crore, it can end up becoming ₹25,000 crore or ₹30,000 crore. So how is that actually? That means the whole ₹36,000 crore will end up becoming ₹45,000 crore?
- Cmde PR Hari:** I'll tell you the thing. See, when any AoN is taken, you have seen examples before also. Any AoN is taken, AoN is based on an assessment of the customer at that point of time. But in reality, because the AoN would have been taken, in this case, it was taken almost 2.5 years back. AoN was 30 months. Now I think 33, 34 months have passed. The times have changed. The equipment costs have gone up. It is our assessment. It's purely an assessment that the ₹36,000 crore could go up to ₹42,000 crore, ₹45,000 crore. So conservative estimate is that the L1 shipyard could get in the range of ₹25,000 crore to ₹28,000 crore, let us say.
- Vijay Bhayani:** So, it is mostly inflation, not that some specifications have been added to the project and all?
- Cmde PR Hari:** No, no, no, specifications. It's mostly inflation, which is the reality, which means justifiable inflation.

**Sunil Shah:** Sir, if I can ask 1 question. Sir, going forward, there are those clusters which are getting developed, right? So, we are at maybe reasonably very, very good utilization of our possible capacity at Kolkata, the clusters which perhaps. So, what are the thoughts over there? What is it that you would like to have as a company for Garden Reach? Because you have been there with Kochi, you have been there with Mazagon. And you stated those large ships can be made at Mazagon, but we don't have the capacity. So, what would be that key thing in those clusters that you will be looking at, going forward?

**Cmde PR Hari:** One is the cluster would be in a place where adequate depth is there, so that all our constraints or whatever juggling what we do, we manage. But then it's after a lot of technical juggling that we do. So that problem would be addressed once for all.

Second is the capacity to build huge commercial ships. The warships, we are not much worried, because we intend limiting, because I think this question was asked sometime before, whether we would like to go for submarines. No, we are not planning to, because that requires around 20 years of expertise we build up.

So, our vision with respect to warship building would be to destroyer level. And with commercial ships to super carriers or panamax vessels. So, for that, two requirements: First, the dry dock has to be adequately big; and second, the depth should be adequate, at least 16 to 20 meters of depth.

**Sunil Shah:** Thank you, sir.

**Namit Arora:** Sir, I have two questions. First, can you talk more about the probable time line of the 3 projects, Corvettes, frigates and destroyers, on the basis of RFP, the actual order signing of the contract and order booking? And the second one is without considering the new projects, when will be the current order book exhausted by?

**Cmde PR Hari:** Okay. I'll answer the first question without considering these 3 projects or the export platforms that we are very confident of getting, keeping that aside, the current order book will expire by 2029.

Coming to the first question, I'll take it in three parts. The Next-Generation Corvettes, the bid likely to be opened, conservative, within three months. That is April, I think. And from the time the bid has opened, the price bid is open, technical bids already opened and we are cleared, all four of us are cleared. So, it will take knowing the systemic efficiency or inefficiency, it will take around six months for the contract to be signed. And the revenue recognition from that will commence from 2027.

That is ideal for us because that is when our dip will start. That is when the Corvette should pad up. P-17 Bravo, by end of the calendar year, that means 2025 end, the RFP could come out. From RFP to L1 determination, it could take, having seen the experience of NGC, it could take around 7 months from the RFP to price bid opening. And from there, six months for contract signing and two years for revenue recognition, which means if P-17 Bravo comes through, the revenue recognition will start from 2029.

NGD, the Next-Generation Destroyer, is still in liquid form. I would not like to comment on that because it is still under discussion. They have not even taken an AoN for that.

**Namit Arora:** Thanks. Sir, thank you for very detailed and candid answers to all the questions. I had a question around your investments in technology, automation and people. So, if you could give us some thought process on the efforts you are making in terms of benchmarking GRSE with not just

the other options in India, but even with some international peers, etc, and some investments that you may be considering in either technology, automation, people, etc, to build capabilities of the organization.

**Cmde PR Hari:**

Thank you. Technology augmentation, our upgradation is a focus area for us on two calls. 1 is for creation of new products. I'll come to that. And second aspect is for improving our own efficiency. Just to give an example, when we got this multipurpose vessel contract from the German client, we had been put through a wringer.

Two classification societies came, assessed our capacity, capability, our processes and then only they gave suggestions, something which we did not have, a certain painting process, which is normally used in commercial shipbuilding, we did not have the facility. So, they said this has to be created, and we have done that. So, technology adaptation towards process improvement is a focus area for us. We already have a robotic building machine doing work for us and so on. Now this is one part.

Second is for new product. Many of you may not know, our product range have also got autonomous vessels, fully green vessels. See, initially, we did a project, it is actually the country's largest ferry, fully electric ferry, fastest ferry. But revenue-wise, it is peanuts. But we still went in for that. Why? Because we wanted to first establish our capability, and then make an inroad. Because we took that, we subsidized it under R&D fund. Because we did that, we got qualified for the next World Bank-funded project.

So, we are fully focused on these two aspects. That means technology for one new product creation, technology for process improvement. I feel we are on the right path. A lot of room for improvement, but we are on the right path.

**Namit Arora**

Got it. And sir, on the people side, have you also been making efforts in terms of training, etcetera, just to improve efficiencies there also? On the people side, training of manpower, etcetera. I know you mentioned contract and labor, etc, but just some colour.

**Cmde PR Hari:**

Okay. See, our people, I'll just split it into 3 parts. People as in my permanent manpower, it's very, very limited. It's just about 2,000 people. And of these 2,000 people, personnel, around 520 are officers, which means we are a very top-heavy organization and deliberately so. These officers, most of them are from the top education institutions of the country. Many of them from the IITs and NITs. So, the technological knowledge-wise, we are good.

We have some of the best facilities in India, with respect we have a virtual reality lab, a top end virtual reality lab, which we just set-up six years before. But we realized that, that six years before is now obsolete. So, we are upgrading that. So that is the kind of focus we have on people and technology.

What I mentioned was since we have taken our strategy, we adopted a strategy of outsourcing of noncore jobs like simple welding, plumbing, cabling, that pool of manpower is inadequate for a nation. Right now, we are good to go. We have around 6,000 people working in our premises on an average per day. But maybe in a year or so, year or two, when the bigger projects come, we'll find it difficult, and we'll have to be prepared for that. We have found out methods where we have worked out strategies to improve the numbers of qualified people in our premises.

**Namit Arora:**

Got it. And sir, my final question was on risk management. In terms of when you bid for projects estimation, because these are very large value projects and you obviously need to make a lot of assumptions on raw materials, etcetera, so just some thoughts on how strong is the

organization, whether it's bid, evaluation, bidding, price quotations and risk management because that also means supply chain and procurement.

**Cmde PR Hari:** Absolutely right. Actually, we have learned the hard way. But luckily, the impact was on minor projects. We have a robust risk management system, a Board-level risk Management Committee, which assesses the various risks, starting from environmental to financial risk. Every bid that is submitted is with my CFO's concurrence and cleared by me. Every bid, be it small or big. So, it is with that kind of prudence that we do. And any decision, sometimes we take a project deliberately at a marginal cost that is for our existence or for getting an entry. But that is a decision, not an error. So, that's what I meant.

**Namit Arora:** Thank you very much. And all the best. Thank you.

**Cmde PR Hari:** Pleasure.

**Krishna Doshi:** Excuse me, sir. Sir, so I had a question. So, I just wanted a percentage number like on an average, if we are building a ship, then how much percentage of that ship is being imported.

**Cmde PR Hari:** Okay. Thank you, ma'am. Indigenization has been a focus area of the government. What terminology Atmanirbhar Bharat? And there are so many initiatives taken by the government to improve or increase the indigenous content. The last 3 projects that we have completed, that is including the Survey Vessel Large, I considered completed, because the equipment ordering, everything is over. Survey Vessel Large project, the Landing Craft Utility and the Anti-Submarine Corvette, all 3 projects, we have 85% plus indigenization.

Coming to weapon-intensive platforms. Now indigenization as a service, if you're looking at warship building, 100% of the hull is indigenous. Around 70% of the auxiliary machinery is indigenous. Around 50% of the weapons are indigenous. All put together, the figure I mentioned, around 85% plus is indigenous content.

**Krishna Doshi:** Okay. Thank you, sir. And my second question was with regards to the budget. So, we did see that this time, the Ministry of Defence had to give back somewhere around ₹13,000 crore back to the Ministry of Finance. So, I just wanted to know, like why is there so much delay in the process? Why are we not being able to spend? And we also know that we somewhere need to expedite the process now, because there is also a dire need for a lot of replacements and for a lot of new things to be bought. So, what is causing all this delay? Why are we not being able to spend?

**Cmde PR Hari:** My appreciation. It is my appreciation, because it is actually for the ministry to answer, but since you asked the question, I'll give an appreciation. Now suppose if the NGC contract had been signed during the last financial year, a certain amount of payment goes as a first stage payment. I'm just giving an example. So, the fund expenditure is not, because of the delays in execution of the project, it is perhaps in the delays in the process itself. That is the point I would like to convey.

And again, it is a sinusoidal pattern. It is not that every time the funds are surrendered. There will be occasions. In the last financial year, I understand around ₹13,000 crore was surrendered by the Ministry of Defence. Maybe in the next year, they'll make up for it. That's all I can say at this moment to answer your question.

**Krishna Doshi:** Okay. Thank you, sir.

**Participant:** I had a question. So, you mentioned about subcontracting. So, what part of our revenue as, let's say, percentage of revenue in value terms and in volume terms will be subcontracted outside the entity?

**Cmde PR Hari:** Sorry, what percentage of the revenue?

**Participant:** Will be subcontracting. So that will be made outside the entity, outside our shipyard.

**Cmde PR Hari:** Okay. I'll put it this way. If you take a project cost. In the project cost, around 65% come from the equipment and sensors that we procure, and around 20% comes from the labour. That is the human resources that go in. Of that 20% around 70% to 75% is outsourced. We retain the core strength. Core strength means, let us say, the shafting work, which drives the ship, we retain the competency. The complex block fabrication, we retain the competency. The design, 100% design is done in-house, because that is the most important factor. We retain that.

If you are purely looking at percentage, it may not give you a correct picture, because you have to give value also to that. So, if you look at value cum cost in that case, around 40% to 50% would be outsourced of the labour part, and the balance is done in-house.

**Participant:** Sir, I have a question. So as per the budget, there is a lot of advantage for ship breaking. You did mention a little bit about it, but can you give us more clarity as to how do we plan to take it forward and use the benefits of it? Do we plan to have a separate section? Or how are we planning to utilize that?

**Cmde PR Hari:** Okay, ma'am. The intent of the government is actually to lure, coax the shipbuilders to build ships in India. The target globally, I think our share is single-digit figures, low single-digit figures of the global commercial fleet. The stated target of the government is to increase this to 20% by 2047. It's a long-drawn process.

For that, you need the shipowners. You can't impose something on the shipowners without giving them a carrot. The carrot that has been given is that if you break a ship within India, like if I am a shipowner, and next time when I construct a ship within India, I can use that credit. 40% of the scrap value of the ship broken would be credited into my shipbuilding. I'll get that kind of financial assistance. So, it's a very smart way to get the shipowners to build ships in India.

As far as GRSE is concerned, see, the fact is we are shipbuilders. We are core shipbuilders. We are not looking at this moment for marrying shipbuilding with ship breaking. But then as a really ambitious shipyard, we are open to such options in the future. But at this moment, see, all these things are budget promulgated. They have not been translated into policies yet. It might take a couple of months. We'll see. If anything, attractive comes out of that, we're open for that. But at this moment, it is still stated or statement in the budget.

**Participant:** Thank you so much.

**Cmde PR Hari:** Pleasure.

**Divyesh Shah:** Sir, my question is since we are a government PSU, and last from 1 year, we as a common layman gets the feeling that government is something slowing decision-making in every aspect, as far as Defence is concerned, which was there in last 3-4-5 years back. So, since you are close to the government, what is your personal honest opinion, whether slowdown has happened at the government level, because they are concentrating more on a social part of it. So, Defence, we feel that it has taken a backseat. So, what is your personal opinion?

**Cmde PR Hari:** Sir, we are not totally owned by government, we are owned by you also. Sir, but I would not like to consider that any decision is slow, because if you watch 2025-2026, rather calendar year onwards, multiple projects, RFPs are going to come out. Only when you see the RFPs coming in, you will see some momentum.

Coast Guard, at least 3 RFPs have been converted to orders in the last financial year. Three RFPs have converted into orders. Navy, NGC, whatever I mentioned, they are all, at least 6-7 of them, RFPs are going to come out in the next one year. So, I don't think any decision-making delays are there.

Second is all these schemes which they are coming up, be it from the Ministry of Shipping or be it from the Ministry of Defence, both are coming from the same - Government of India. So, initiatives-wise and decision-wise, in my appreciation, as a PSU CMD, I don't think there is any delay.

**Divyesh Shah:** Sir, but reason is too weak as far as vision is concerned, but ground-level reality, looks like there is some slowdown.

**Cmde PR Hari:** Sir, I would like to put it this way. Vision, it's like very interesting talks have gone about quantity of work, 90 hours per week, 75 hours per week. But I'll come back to your point. I just want to lay the foundation for that. And subsequent to that, another business head tell that it is a quality that matters, it is not quantity. So there, I have a point. Quality comes only with tons and tons of quantity. And that quantity comes from time. Quantity cannot come. And if quantity is not there, quality cannot come.

Similarly, vision, yes. To get the vision, like I was just addressing one of the queries, the vision is to obtain 20% share in the global commercial shipbuilding fleet by 2047. So that itself is a very ambitious vision from 2% or 3% to get to 20%. But for that 20%, the initiatives what they have listed out, shipbuilding, maritime corpus, Maritime Development Fund, they are all actual initiatives that are being taken.

Similarly, in warship building, both the Navy and the Coast Guard have stated. They have not exercised their perspective plans indicate ships. Navy wants to go threefold in the next 7 to 10 years, maybe too ambitious. Coast Guard wants to double their fleet by 2030. But for that to happen, the RFPs have to come out. The ships have to be built. The process has started, in my appreciation as the CPSE head, is that the process has started. The foundation laying, the concrete laying will take a finite amount of time. But once it is laid, it will move fast. This is my appreciation.

**Cmde PR Hari:** Pleasure.

**Sunil Shah:** So just on similar lines and just to add to the question which was there. Sir, historically, have we seen any point of time that, as investors, we just want to make sure.

**Cmde PR Hari:** I'll tell you, sir. The bids were opened in August, 24. The techno-commercial bids were open in August, 24. The technical clearance has been accorded to all the bids, naturally, because if they are shortlisted, we qualify for that. By November or December. I don't remember. Yes, there is a marginal delay. I'm giving a conservative time line of it slipping over to next year.

But you see, sir, because these are high-value orders. So, when a high-value order is there, naturally, the government would not like to short-circuit the process. It takes time. From our perspective, I want the order yesterday. I want the price to be opened yesterday. But having

been on the other side, I also understand there are compulsions. Yes, there are delays, but the delays are not un-seemingly.

**Sunil Shah:** Park it on the shelf, not those types. We have never seen such a case happen historically for any of the Defence orders where RFQs were there, tenders were invited from participants and...

**Cmde PR Hari:** I'm not able to recollect. Maybe yes, sir, but I'm not able to recollect any of the RFQs getting...

**Sunil Shah:** Not getting converted into a...

**Cmde PR Hari:** Not getting converted into an order. There could be delays. Not cancelled. But it always happens. It always happens.

**Sunil Shah:** Yes. Sir, patience is the name of the game. So, we are there, but just to make sure.

**Cmde PR Hari:** Absolutely.

**Gaurav Girdhar:** Thank you, sir. With this, we conclude the Q&A session.

**Cmde PR Hari:** I think somebody has already raised hand. I think we should give it a fair chance.

**Harshit Kapadia:** Thank you. So, what's your cash and bank balance

**Cmde PR Hari:** I hope your question is not a tricky question. It's like I do not want to put my foot in my own mouth. Ask some general question. How are you doing and all this.

**Participant:** Just two questions. What's your cash and bank balance as on December?

**Cmde PR Hari:** Cash, simple question. It's a straightforward question. I'll let D(F) answer this question.

**R.K. Dash:** Cash and bank balance, this is as on 31<sup>st</sup> December, 2024 is ₹3,214 crore. Out of that, our owned fund is ₹577 crore.

**Harshit Kapadia:** Okay. And sir, second question is on your provision. So next year, as you will be completing P-17 Alpha for next 2 years, you will be taking a provision for that, mainly for liquidated damages, and for other onerous contracts, which is a general norm. Now how much as a percentage of your sales would that be? Because that will impact specifically on your margins, and these are your high-value contracts. So, if you can share some numbers.

**R.K. Dash:** Yes. We are making provision, for liquidation damages, as per Ind AS 115. And the provision is made only when we'll exceed the delivery schedule. As on date, whatever already CMD has told that, the project what we are executing, the delivery schedule has not exceeded. Major project is P-17 Alpha. First delivery is August 2025. And we are hopeful that we'll deliver prior to that.

**Cmde PR Hari:** See, I just mentioned earlier in my introductory talk that the first activity when we are confident of delivery of first ship is the harbour trials. We have completed the harbour trials, and we intend sending the ship for the first contractor trials during this month. We are confident of delivering the first ship well ahead of the contracted delivery. So, we are not unduly concerned about it. Unless some force majeure condition happens, we are not unduly concerned. Thank you.



**Gaurav Girdhar:**

Thank you, sir. Thank you, everyone. With this, we conclude the Q&A session. I would request Commodore P.R. Hari sir to give his closing remarks. And thereafter, you can join us for the high tea. Thank you. Sir, over to you.

**Cmde PR Hari:**

Thank you, ladies and gentlemen. As I mentioned, it's always a pleasure because I'm not well today, because I've been traveling for the last four days in and out of Kolkata. Kolkata to Bangalore, Bangalore to Kolkata back today to Bombay. Next week, Delhi. So, I'm a bit down. But after intro, I came back to normal. So, thank you.

**Gaurav Girdhar:**

Thank you, everyone. Thank you, sir. If you have any further queries, please send an email to [gaurav.g@conceptpr.com](mailto:gaurav.g@conceptpr.com). We now conclude the conference.